



Iren S.p.A.

Registered office in Reggio Emilia, Italy – Via Nubi di Magellano 30
Share capital Euro 1,300,931,377.00
Registration number in Companies' Register of Reggio Emilia
Group Tax ID Code and VAT No. 02863660359
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DIRECTORS' REPORT

pursuant to Article 125-ter of Italian Legislative Decree No. 58 of 24 February 1998 and Art. 84-ter of Consob Issuers Regulation No. 11971 of 14/5/1999 and subsequent amendments, on point 5 of the Agenda for the Ordinary Shareholders' Meeting of IREN S.p.A. of 29 April 2020 at 11:30 a.m. on first call and 29 May 2020 at 11:30 a.m. on second call

REPORT ON POINT 5

Proposal to renew the authorisation for the purchase and disposal of Iren S.p.A. treasury shares, pursuant to Articles 2357 *et seq.* of the Italian Civil Code, Article 132 of Legislative Decree No. 58 of 24 February 1998 and Consob Regulation adopted on the basis of Resolution No. 11971 of 14 May 1999, prior to the revocation of the previous authorisation to purchase and dispose of treasury shares in terms of the Iren S.p.A. Shareholders' Meeting resolution of 5 April 2019: inherent and consequent resolutions.

Dear Shareholders,

The Board of Directors of IREN S.p.A., in accordance with Art. 125-ter of Italian Legislative Decree No. 58 of 24 February 1998 and Art. 84-ter of Consob Issuers Regulation No. 11971 of 14/5/1999 and subsequent amendments, outlines and presents the proposals relating to the matter under point 5 of the agenda. You are therefore asked to approve the authorisation for the Board of Directors to purchase and dispose of the ordinary shares of Iren S.p.A. (the “**Company**”), including on a fractional basis, pursuant and to all effects of Articles 2357 *et seq.* of the Italian Civil Code, Art. 132 of Legislative Decree No. No. 58 of 24 February 1998, as subsequently amended (the Consolidated Law on Finance - “**TUF**”) and Art. 144 of Consob Regulation approved by Resolution No. 11971 of 14 May 1999, as subsequently amended (the “**Issuers Regulation**”), and in this

Report, prepared in terms of Article 73 of the TUF and Annex 3A, schedule 4 of the Issuers Regulation (the “**Report**”), in which we outline the procedures and conditions for the proposed transaction.

Introduction

Firstly, it bears remembering that on 5 April 2019, in accordance with Articles 2357 *et seq.* of the Italian Civil Code and Art. 132 of the TUF, the Ordinary Shareholders' Meeting had authorised the purchase of treasury shares up to a maximum of 65,000,000 shares, without exceeding 5% of underwritten and fully paid-up share capital, including on a fractional basis, within 18 months from the Shareholders' Meeting approval date, as well as the disposal of treasury shares (the “**2019 Authorisation**”).

The purpose of the 2019 Authorisation was to provide the Company with strategic and financial flexibility. More specifically, the objective of the 2019 Authorisation was to provide the Company with treasury shares that could be used in the scope of external growth operations, and in trading, exchanges, contributions, sales or other operations to dispose of treasury shares in order to purchase shareholdings or share packages for industrial projects or other extraordinary operations implying the allocation or disposal of treasury shares.

Based on the 2019 Authorisation, up to the approval date of this Report by the Board of Directors (25 March 2020), the Company had purchased 3,950,587 treasury shares, equalling 0.3037 % of the share capital, for a total amount of Euro 9,054,404.12.

1. Reasons why authorisation is required to purchase treasury shares

The Board of Directors considers the reasons underlying the request that was submitted to the Shareholders' Meeting for the 2019 Authorisation are still valid. Consequently in its session on 25 March 2020, the Board resolved to submit the decision to the Shareholders' Meeting as to whether to grant the Board of Directors a mandate to purchase and dispose of the Company's ordinary shares, including on a fractional basis, on one or more occasions as defined herein, pursuant and to all effects, respectively, of Articles 2357 and 2357-*ter* of the Italian Civil Code and Art. 132 of the TUF (the “**2020 Authorisation**”).

This Report outlines the reasons underlying the 2020 Authorisation request, as well as the

conditions and procedures for the implementation of the treasury shares' purchase and disposal plan.

The purpose of the 2020 Authorisation is the same as the 2019 Authorisation, namely to provide the Company with strategic and financial flexibility. More specifically, the Board of Directors' objective is to provide the Company with treasury shares that could be used in the scope of external growth operations, which are consistent with the strategy the Company intends pursuing, and in trading, exchanges, contributions, sales or other operations to dispose of treasury shares in order to purchase shareholdings or share packages for industrial projects or other extraordinary operations implying the allocation or disposal of treasury shares.

The basic content of the new authorisation is essentially unchanged compared to the provisions in the 2019 Authorisation, in terms of purchases and disposals authorised, both in respect of treasury shares already in the portfolio, and those that may be repurchased in implementing this 2020 Authorisation, subject to the Shareholders' Meeting approval.

The Board of Directors notes that the Ordinary Shareholders' Meeting should firstly revoke the resolution dated 5 April 2019 for the unperformed portion, before going on to approve a new authorisation valid for 18 months, from the date of the relative Shareholders' Meeting resolution.

2. Maximum number, category and nominal amount of shares referring to 2020 Authorisation

The proposal is to authorise the Board of Directors to purchase Company ordinary shares (fully paid-up), on one or more occasions, in an amount that the Board of Directors can freely decide on, up to a maximum of 65,000,000 shares, which should not exceed 5% of the share capital.

In any case, in accordance with Article 2357, paragraph 1 of the Italian Civil Code, purchases shall be carried out within the limits of the distributable profits and reserves available as per the Company's most recently approved Financial Statements.

It should be noted that pursuant to applicable legislation and accounting standards, the Company shall attend to the necessary accounting entries in the case of purchases, sales, exchanges and contributions of its treasury shares.

In the case of sales, exchanges, contributions or impairment losses, additional purchasing operations may be carried out up until the Shareholders' Meeting authorisation expiry date, without prejudice to the limits on quantity set by law, and the number of treasury shares that may be held by the Company from time-to-time, as well as the conditions set by the Shareholders' Meeting.

3. Information relative to assessing compliance with Art. 2357, paragraph 3 of the Italian Civil Code

The Company's share capital of Euro 1,300,931,377.00 is represented by 1,300,931,377.00 fully paid-up outstanding shares.

It is noted that subsidiaries do not hold Company shares.

It is understood that the Board of Directors is obliged to check compliance with the conditions set by Art. 2357, paragraphs 1 and 3 of the Italian Civil Code for the purchase of treasury shares, at the time that each authorised purchase is carried out.

4. Validity of 2020 Authorisation

The Board of Directors proposes that the authorisation to purchase treasury shares, which may also be carried out over multiple occasions and operations, is conferred for the maximum period permitted by Art. 2357, paragraph 2 of the Italian Civil Code, namely for a period of 18 months from the date on which the Ordinary Shareholders' Meeting adopts the corresponding resolution.

The authorisation to dispose of the treasury shares that will be acquired is requested without any time limit. The aforementioned time limit of 18 months does not therefore apply to any transactions to dispose of and/or utilise the treasury shares already in the Company's portfolio and those that may be repurchased when executing the 2020 Authorisation.

5. Minimum and maximum fee

The purchase price for the shares shall be determined on a case by case basis, on the basis of the method chosen to carry out the transaction and in accordance with any regulatory prescriptions or accepted market practices, but in any case, this shall not be 10% lower or 10% higher than the reference price recorded by the Iren share on the Italian "screen-based" Stock Exchange ["Mercato Telematico Azionario"], organised and managed by Borsa Italiana S.p.A., on the day prior to each individual transaction.

In so far as sales, disposals and/or the utilisation of treasury shares are concerned, these may be carried out at the price, or based on the criteria and conditions set by the Board of Directors, with due regard for the implementation procedures effectively used, the shares' pricing trend in the period prior to the transaction and the Company's best interests.

6. Procedures for carrying out purchases

Purchase transactions for treasury share begin and end within the time frames set by the Board of Directors after authorisation is given by the convened Shareholders' Meeting.

Transactions are conducted on regulated markets, according to the operating procedures set in the organisation and management regulations of markets, in compliance with applicable legislation, and specifically, Art. 144-*bis* of the Issuers Regulation and any other applicable regulation, with specific reference to the equal treatment of shareholders' principle as contemplated by Art. 132 of the TUF and EU and national regulations on market abuse.

In respect of disposal transactions, the Board of Directors proposes that the authorisation allows for any procedure to be adopted that will be appropriate to meet the pursued objectives, to be carried out either directly or through intermediaries, in compliance with applicable national and EU legislation and regulations on the subject.

Appropriate disclosure will be provided on the purchasing and disposal transactions of treasury shares, in terms of applicable disclosure obligations.

7. Possible cancellation of treasury shares purchased

The Board of Directors specifies that the purchase of treasury shares referred to in this authorisation request does not serve to reduce share capital, and the treasury shares acquired will therefore not be cancelled.

RESOLUTION PROPOSAL

If the Shareholders' Meeting should agree with the Board of Directors' proposal, shareholders are asked to approve the following resolution:

"The Ordinary Shareholders' Meeting,

having viewed the Board of Directors' proposal

resolves to:

- 1. revoke the previous authorisation resolution to purchase treasury shares taken by the Shareholders' Meeting on 5 April 2019 for the unperformed portion;*
- 2. authorise the Board of Directors to purchase the ordinary shares of Iren S.p.A. (the "Company"), within the maximum provided under Article 2357, paragraph 3 of the Italian Civil Code, and more specifically, up to a maximum of 65,000,000 shares, to the extent of not exceeding*

5% of the Company's share capital, stipulating that:

- the purchase may be carried out on one or more occasions, within 18 months from the date of this resolution, using any of the procedures contemplated by the combined provisions of Articles 132 of Italian Legislative Decree No. 58 of 24 February 1998 and 144-bis, paragraph one of Consob Regulation 11971/1999, and in any case, any other procedure permitted by national and EU applicable law and regulations on the subject, and in compliance with any other applicable rule, including national and EU legislative and regulatory provisions, as well as those referring to market abuses;*
- appropriate disclosure is provided on the purchasing and disposal transactions of treasury shares, in terms of applicable disclosure obligations;*
- the purchase price for each share shall not be 10% lower or 10% higher than the reference price recorded by the Iren share on the Italian "screen-based" Stock Exchange ["Mercato Telematico Azionario"], organised and managed by Borsa Italiana S.p.A., on the day prior to each individual transaction;*
- treasury share purchases shall be undertaken using distributable profits and the reserves available as per the most recent duly approved Financial Statements at the time the transaction is carried out, establishing a treasury shares' reserve, and making the necessary accounting entries in the manner and limits set by law;*

the above, in any case, pursuant and in compliance with the other possible pro-tempore legislative and regulatory provisions applicable on the subject;

3. authorise the Board of Directors pursuant to Article 2357-ter of the Italian Civil Code, with powers of sub-delegation, to carry out (on one or more occasions, without any time limits and even before having exhausted the purchases) the disposal of the entirety or part of the Company's treasury shares acquired on the basis of this resolution, and those shares already held. With regard to sale, disposal and/or utilisation transactions on treasury shares, the Board of Directors is granted a mandate, with the power of delegation, to establish the criteria from time-to-time, to determine the relative fee and/or procedure, terms and conditions for the use of treasury shares in the portfolio with due regard for the implementation procedures used, the shares' pricing trend in the period prior to the transaction and in the best interests of the Company; transactions are to be undertaken directly or through intermediaries, in compliance with the applicable national and EU legislative and regulatory provisions on the subject;

4. *confer the broadest powers to the Board of Directors, including the powers of sub-delegation, or to entrust an external specialist with the appointment, to be exercised with the utmost discretion, so that they may implement the purchase deeds contemplated herein, in any case, in full compliance with applicable legislation and the limits referred to in your Authorisation as resolved above, without prejudice that while the Company retains ownership of the shares, the right to the profits and pre-emptive rights shall be allocated proportionately to the other shares; furthermore, voting rights on treasury shares remain suspended, but said treasury shares shall nonetheless be included in the share capital for the purposes of determining the quorum required to convene and pass resolutions at the Shareholders' Meeting."*

Reggio Emilia (Italy), 25 March 2020

On behalf of the Board of Directors
The Chairperson
Renato Boero
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